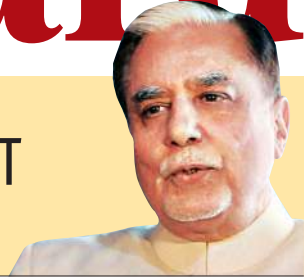


Business Standard



THE MARKETS ON TUESDAY		
		Chg#
Sensex	40,821.3	▼ 67.9
Nifty	12,037.7	▼ 36.0
Nifty futures*	12,120.3	▲ 82.6
Dollar	₹71.5	₹71.7**
Euro	₹78.7	₹79.0**
Brent crude (\$/bbl)**	63.5**	63.1**
Gold (10 gm)**	₹37,802.0	₹69.0

* (Dec) Premium on Nifty Spot; ** Previous close; # Over previous close; ## At 9 pm IST; ### Market rate exclusive of VAT; Source: IBI



COMPANIES P2 SWATCH SHUTS DOWN FIVE FLAGSHIP STORES IN INDIA

COMPANIES P3 SUBHASH CHANDRA'S EXIT SETS THE BENCHMARK

PUBLISHED SIMULTANEOUSLY FROM AHMEDABAD, BENGALURU, BHUBANESWAR, CHANDIGARH, CHENNAI, HYDERABAD, KOCHI, KOLKATA, LUCKNOW, MUMBAI (ALSO PRINTED IN BHOPAL), NEW DELHI AND PUNE

RBI'S DEPUTY GUV WARNS OF RISING MUDRA LOAN STRESS

Reserve Bank of India (RBI) Deputy Governor M K Jain on Tuesday expressed concern about the rising bad debt level in Mudra loans. Jain said with the growing mobilisation of financial services, banks must also enhance the capabilities of borrowers so that they were capable of demanding preferred products and services suitable to their needs and choices.



ANUP ROY reports 6▶

BACK PAGE P18 Ola hires London drivers as Uber loses licence

At a time when Uber has lost the licence to operate in London, its rival Ola has begun registering licensed drivers in London as it prepares to launch its ride-hailing service in the UK capital in the coming weeks. With this, the company said on Tuesday over 50,000 licensed drivers would now be assured that they could continue to provide mobility services in London. Drivers can initiate their registration on the Ola app.

THE SMART INVESTOR P10 Analysts drop coverage of troubled companies

Analysts are dropping coverage of stocks of companies that are facing business uncertainties, heavy debt, and governance issues. According to the data compiled by Bloomberg, over a third of the top 500 companies have seen a reduction in the number of analysts covering the stock. SUNDAR SETHURAMAN reports

COMPANIES P2 CCI finds collusion by SKF, Tata Steel units

An antitrust investigation by the Competition Commission of India (CCI) has found that units of Tata Steel, Sweden's SKF and Germany's Schaeffler colluded on the pricing of bearings, a report seen by Reuters shows, opening them up to potential fines. The CCI began an investigation in 2017 after allegations that five companies colluded on bearings prices from 2009-2014.

ECONOMY & PUBLIC AFFAIRS P16 Undercapitalisation risk for PSBs: Robert Engle

Noble Prize-winning economist Robert Engle said a number of Indian financial institutions could require significant additional capital in the event of a financial shock. The majority of financial institutions that show such signs of need for additional capital are state-owned banks, he said. He was speaking at the National Stock Exchange's Dr R H Patil Memorial Lecture 2019 on Tuesday.

Irdai proposes vehicle depreciation formulas

A working group of the Insurance Regulatory and Development Authority of India has proposed age-based depreciation in values of vehicles to calculate the sum assured for motor vehicles to remove subjectivity and ambiguities in claim settlements. It said that for private cars, the sum insured can be computed by taking the current listed price of the vehicle. 16▶

Karvy crisis gives lenders the jitters

Bankers raise concern with NSE, Sebi over exposure

SHRIMI CHOUDHARY
New Delhi, 26 November

Banks and financial companies including ICICI Bank and HDFC Bank have met senior officials of the stock exchanges and raised concern over their exposure to Karvy's companies, said two people privy to the development. The bankers have discussed the matter and ascertained the knock-on effects of the order against the broking house by the Securities and Exchange Board of India (Sebi) last Friday. Sebi barred Karvy Stock Broking (KSBL) from taking on new clients over the alleged misuse of clients' securities.

According to sources, the banks wanted to know the magnitude of the problem and how far it was from default. "The bankers are worried about the transactions with real estate mentioned in the Sebi order and wanted to know their nature," said a source, adding that they were consulting the market regulator on this.

Sources said the bankers were examining the situation and learnt to have been working on measures to recover funds if the brokerage faced default.

Karvy's companies have taken close to ₹2,900 crore from banks, including ICICI Bank, HDFC Bank, and Lakshmi Vilas Bank.

Another talking point was the National Stock Exchange (NSE) preliminary report, which has raised suspicions on transactions worth ₹2,000 crore. Banks were anxious whether more transactions would tumble out because the exchange would take a few more days to submit its final report in the case.

The NSE assured lenders of a speedy and timely remedy of the matter.

In the order, Sebi cited the NSE report in



GROWING CONCERNS

- Last week, Sebi barred Karvy Stock Broking from taking on new clients over the alleged misuse of clients' securities
- Banks are ascertaining the cascading effect of the Sebi order
- Lenders are monitoring the situation, working on measures to recover funds

₹2,900 cr Exposure of banks and other financial institutions to Karvy group firms

EDIT: MISUSING CLIENT ASSETS P9

which KSBL misused power of attorney given by its clients. KSBL has sold client securities in the market in a disguised manner through its own and controlled entities.

Banks are in talks with Karvy, which has not defaulted yet and the management has said there is sufficient capital to pay its creditors.



LICENSEES MUST SET UP AT LEAST 100 PETROL PUMPS UNDER NEW NORMS

India's new liberalised petrol pump norms require licensees to set up a minimum of 100 outlets with at least 5 per cent of them in remote areas. According to a Gazette notification, the licensee would also be required to "install facilities for marketing at least one new generation alternate fuels like CNG... within three years of operationalisation of the said outlet". 4▶

7-Eleven tweaks convenience store format for India roll-out

VIVEAT SUSAN PINTO
Mumbai, 26 November

The city of Mumbai will see the roll-out of the first of the global 7-Eleven stores in February-March next year, but the format will be different from a conventional convenience store that stocks everyday items and is open round-the-clock for contingency buying.

The 7-Eleven that Future Retail, which is the master franchisee of the brand in India, is putting together will be mainly "eating joints", providing "hygienic food" for consumers in high-traffic areas such as offices, business parks, and colleges.

"Typically, you find people eating

out at roadside joints and eateries in Mumbai. We believe there is a customer base out there in the city for a 7-Eleven where we can serve breakfast, lunch, and dinner in an organised manner. This will be hygienic food at an affordable price.

"We will also stock fruits, juices, snacks, and condiments for those wanting to consume on the go," said Kishore Biyani, founder and chief executive officer, Future Group. Turn to Page 17▶

COMPANIES P2
BIG BAZAAR MAY SOON BE LARGEST GROCERY SUPPLIER FOR AMAZON



NEW MODEL

- 7-Eleven will not target kiranas in Mumbai, its first city of launch
- Instead, it will compete with roadside eateries, providing food in an organised manner
- High-density areas such as offices, business parks and colleges in focus
- Future Retail, 7-Eleven's master franchisee in India, will launch 5-7 stores in first phase

When telecom stood for ticket to windfall gains

WHO MADE HOW MUCH

▪ The Ruias made about ₹38,600cr by selling their stake in Vodafone Essar	▪ Ajay Piramal made ₹8,900cr by selling his 11% stake in Vodafone	▪ Analjit Singh made over ₹2,300cr in various deals
▪ The Hindujas sold their stake in Hutchison-Essar for about ₹3,200cr	▪ B K Modi made over ₹3,300cr in deals with Indian telcos	
▪ Rajeev Chandrasekhar sold BPL's stake in telecom business to Essar for ₹4,400 cr. The Ruias sold it to Hutchison Essar for ₹7,800cr		

Note: Figures rounded off, as of Tuesday 5 pm; ₹-dollar exchange rate; Sources: Company announcements; industry estimates

SURAJEET DAS GUPTA
New Delhi, 26 November

Telecom may be only about financial stress and investors' nightmare in the current narrative, but look back a few years to capture the mega deals and windfall gains that defined the industry. Billions made headlines then too, but mostly to announce marquee M&As (mergers and acquisitions), not record losses. And, when the biggest telcos and funds from across the world queued up with top dollar, many in the Indian telecom business rose up the rich list, and how.

While Vodafone's write-offs forced CEO Nick Read to point out recently that the company is getting closer to liquidation in its joint venture with Idea Cellular, the UK telco's past tie-up (after it acquired Hutchison's stake in Hutchison Essar) allowed smart investors to make a killing. The Indian businesses either turned financial investors or sold outright when the going was good.

The smart boys to hit the jackpot included the Ruias of Essar, Ajay Piramal of Piramal Enterprises, Analjit Singh of Max group, Rajeev Chandrasekhar of BPL Mobile, the Hindujas and the Nandas of Escorts and even professionals like the former CEO of Vodafone India Asim Ghosh.

Among others to have bet right, not from deals with foreigners but by selling to Indian telcos, was the B K Modi group. An industry insider recalled how Idea Cellular had bought 40.8 per cent stake in Spice Communications for ₹2,720 crore, including a non-compete premium for the Karnataka and Punjab business. The group had also sold its Kolkata circle to Bharti Airtel for \$90 million (around ₹630 crore at the current rate of conversion). Delhi-based Shyam group too had it good when Bharti Airtel paid ₹430 crore to buy its 67.5 per cent stake in Hexacom India. Also, Nandas, through Escotel, made a cool ₹350 crore in selling the stake to Idea in a company which controlled six circles. Turn to Page 17▶

15th FC's interim report likely on Saturday

ARUP ROYCHOUDHURY
New Delhi, 26 November

The Fifteenth Finance Commission is expected to submit an interim report to President Ram Nath Kovind on Saturday, November 30.

The report is likely to have recommendations on the divisible tax pool — the funds that are divided between the Centre and the states, and among the states — for 2020-21 only, *Business Standard* has learnt.

As reported earlier, the Commission is likely to get its term extended by six months because it has to examine devolution to the union territories of Jammu and Kashmir and Ladakh in accordance with the Jammu and Kashmir Reorganisation Act, 2019.

The government is yet to give fresh terms of reference to the panel regarding Jammu and Kashmir and Ladakh, even after the two union territories came into being on October 31. Nor has an extension been notified. These are expected later this week, on or before November 30.

A senior official confirmed an interim report would be submitted on Saturday. "It will recommend devolution for a year starting April 1, 2020, to enable Budget preparations," the official said.

The report will enable Union Finance Minister Nirmala Sitharaman and her bureaucrats to prepare the 2020-21 Budget. This course of action — of submitting an interim report by a Finance Commission — has at least three precedents. Turn to Page 17▶

The Centre is yet to give fresh terms of reference to the panel regarding Jammu and Kashmir and Ladakh, even after the two UTs came into being on October 31

ECONOMY & PUBLIC AFFAIRS P4

- ▶ GST COMPENSATION TO STATES MUST GO ON
- ▶ REJIG SCHEMES TO MAKE THEM MORE EFFECTIVE

